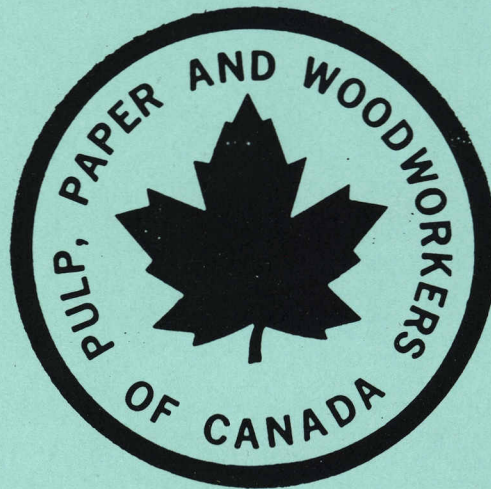


A SUBMISSION TO THE
MINISTRY OF FORESTS AND LANDS
ON
ROLLOVER OF TREE FARM LICENCES
TO PRIVATE INDUSTRY



PULP, PAPER & WOODWORKERS OF CANADA

AFFILIATED TO CONFEDERATION OF CANADIAN UNIONS

Submission to the Ministry of Forests and Lands

on

Rollover of Tree Farm Licences to Private Industry

Introduction

The Pulp, Paper and Woodworkers of Canada takes this opportunity to submit our views and concerns about recent changes to the operation of British Columbia's forest management system. The PPWC is particularly concerned about the rollover of tree farm licences to private corporations.

The Pulp, Paper and Woodworkers of Canada is an independent Canadian union representing more than 6,500 workers employed in pulp and paper mills, sawmills, plywood plants, paper converting plants and chemical plants in British Columbia.

We are pleased to have participated in various forums and hearings on forestry issues. Our concerns have previously been expressed in briefs presented to the National Forest Congress in 1986 and to the B.C. Ministry of Forests and Lands during its Forest Management Review in 1987.

A drastic shift in policy

Recent amendments to the B.C. Forest Act -- through Bill 70 in December 1987 and Bill 28, the Forest Amendment Act, in 1988 -- reflect a drastic shift in forest policy. The most significant change in policy is the increase of the portion of provincial allowable annual cut from tree farm licences from the current level of 29% to as much as 67%.

This change effectively means the wholesale privatization of B.C.'s Crown forest land. This change essentially takes the control of our publicly-owned forests away from government and transfers that control instead to private corporations. As Forests Minister Dave Parker has said in the Legislature: "We are getting as close as possible to providing almost the private land situation for the major licensees...."

The provincial government has no mandate whatsoever for such a sweeping, fundamental change in forest policy. During the last provincial election, the government did not indicate any intention to make these changes, and there has not been any adequate opportunity for public discussion and debate. The policy changes are entirely contrary to the recommendations made by the Pearse Report in 1976, which was the result of B.C.'s last royal commission in forestry, conducted in 1975. And with the exception of the huge corporations which will benefit from the new legislation and obviously welcome it, the changes have been almost universally unpopular.

In a democratic society, it is unthinkable that such a total reversal of policy would occur without full opportunity for an exhaustive public debate. The current round of eight public information sessions during February and March, belatedly announced in mid-January, is simply not good enough.

The Pulp, Paper and Woodworkers of Canada is on record calling for a royal commission inquiry into all aspects of the forest industry, as the most logical way to completely revise the Forest Act. The PPWC strongly opposes moves to turn over control and management of tree farm licences to individual forest companies. The PPWC believes that instead of increasing corporate concentration and private control over B.C.'s forests, we need to reduce corporate control, encourage greater competition and more public control over decisions about our forests.

We urge this government to recognize that many groups and organizations have also called for a royal commission or some similarly thorough form of public inquiry into B.C.'s forest industry. In recent weeks, these calls have come from a wide range of groups, including environmental organizations, Indian bands and other native groups, the truck loggers, and other forest industry unions.

The PPWC is also on record calling for a fair and just settlement to be negotiated for the outstanding native land claims. We note that a coalition of churches, including the United Church, the Canadian Conference of Catholic Bishops and the Anglican Church, has called for native land claims to be settled before any new tree farm licences are approved.

Increasing corporate concentration

An ever-smaller number of companies is controlling more and more of Canada's forest industry. Today, virtually all of B.C.'s public forest land base is under the control of only four major inter-linked groups of companies. The increasing corporate concentration in B.C.'s forest industry has been documented in a master's thesis by Bill Wagner at the University of Victoria. He identifies the four interconnected groups of companies as:

- Bentley-Prentice group, including Takla Forest Products Holdings, Canfor Ltd., Canadian Forest Products, B.C. Chemical and Balco Industries.

- Mead-Scott group, including B.C. Forest Products (now Fletcher Challenge), Western Forest Products, Finlay Forest Industries, Whonnock Industries and Ainsworth Lumber.

- Bronfman, Reichmann and Desmarais group, including Domtar, CIP Forest Products, Mayo Timber, Crestbrook Forest Industries, Northwood and MacMillan Bloedel.

- Sauder, Champion, Ketcham and Fletcher group, including Crown Forest Products, Whonnock Industries, Weldwood of Canada and Westar.

Wagner has pointed out that this interlocking network of companies controls 93.2% of the allocated public forest cut, and 84.1% of the overall total provincial timber cut in B.C. The effect of the government's legislative and policy changes would be to more than double the volume that would be cut from tree farm licences.

It is bad enough that current government policy is to privatize our publicly-owned forest resources by transferring

control of public lands into the hands of an increasingly concentrated industry. But what is even worse is that this tightly concentrated industry is overwhelmingly controlled outside B.C. and outside Canada. This government's policy will mean that decisions affecting B.C.'s forests and the future of British Columbians will be made by head offices in the United States and New Zealand. If it is allowed to proceed, the rollover of tree farm licences would put the management of our forest resource solely in the hands of multinational corporations, most of them foreign-owned.

These corporations have a lot to gain through the rollover of tree farm licences. The government's policy fundamentally changes the nature of forest tenure, from a volume-based system to an area-based system. Most of B.C.'s timber has been harvested under forest licences and timber sale licences, which are both volume-based. Both are administered directly by the Forest Service, allow several companies to cut within a certain geographic area, and involve a separate licence which usually runs for one to five years.

Tree farm licences are an area-based form of tenure, which is similar to a grant of private property rights. A single company is granted exclusive control for a distinct geographic area, usually for a minimum of 25 years, and the licence is renewable after 10 years. The effect is to give a company exclusive control for 35 years.

Corporations welcome the change, because the area-based tenure is much more valuable to them. Tree farm licences provide not only a secure and inexpensive timber supply, but are also considered assets that can be used, through equity and credit markets, to finance corporate expansion or operations. In his thesis, Wagner estimates that the replacement of tree farm licences on the coast alone represents a transfer of about \$367 million in public assets to corporations in the private sector.

In effect, the rollover of tree farm licences is an unprecedented giveaway of public resources to private companies. And, since most of the companies which dominate B.C.'s forest industry are foreign-owned and will expand their operations and growth outside B.C., the effect is also to drain public assets away from the provincial economy altogether.

The dangers of corporate control

Over the years, there have been repeated warnings about the dangers of increasing corporate concentration and control over B.C.'s forest industry. Back in 1955, H.R. MacMillan expressed his concerns about the problem, saying:

It will be a sorry day in B.C. when forest industry here consists chiefly of a very few companies, holding most of the good timber -- or pretty near all of it -- and good growing sites to the disadvantage and early extermination of the most hardworking, virile, versatile and ingenious element of our population: the independent logger and the small mill man.

Our forest industry will be healthier if it consists of as many independent units as can be supported.

The 1976 Pearse Report also contained a warning against precisely the actions this government intends to take. In dealing with the question of expanding the tree farm licence system, the report said: "... new licences of this kind should not be issued if the effect will be to concentrate further timber rights in the few large corporations...." (Page 118)

Economists argue that the economic performance of an industry depends on the degree of competitiveness within that industry. The PPWC is on record calling for an increase in the degree of competition for rights to public timber. This recommendation has been made by previous royal commissions and has continuously been ignored by government.

Yet perhaps recent history provides the strongest arguments against giving even more control of B.C.'s forests to a handful of corporations. The record is clear: the increasing corporate concentration and control we have already witnessed in B.C.'s forest industry has been a disaster. Instead of proper forest management practices and adequate reforestation, we have massive overcutting, millions of hectares of not-satisfactorily restocked land, scandals over wasted wood, and exports of raw logs overseas while B.C. workers' jobs are lost.

A particularly frightening aspect of the government's policy is that corporations with this abominable record would not only gain control over public trees. The policy change would also give the corporations control over wildlife, recreation, tourism, water, fisheries and anything else within the geographic region which the new tree farm licences encompass, as was made clear in the Fletcher Challenge Mackenzie application and the CIP-Tahsis rollover proposal.

The disgraceful role of government

The provincial government's response to the serious problems facing B.C.'s forest industry is nothing short of disgraceful. The proper role of government is to ensure that our forest resources are soundly managed, protected and renewed for future generations. Instead, this government has adopted policies that contract out its responsibility for proper management of our forests to an ever-smaller group of private, foreign-owned

corporations. Instead of taking steps to stop raw log exports and end the scandalous waste of wood, the government has attempted to whitewash the problems.

The government's attempts to cover up the extent of inadequate reforestation are particularly revealing. The total of B.C. forest land that is "not satisfactorily restocked" (NSR) is estimated at 3.5 million hectares. Instead of taking steps to ensure these lands are replanted, the forests ministry has tinkered with some definitions in attempting to make the situation look better on paper. For example, the NSR backlog used to be defined as coastal forest land that was not satisfactorily replanted three years after clearcutting, or interior forest land not replanted satisfactorily within five years. During 1988, the ministry changed the definition -- so that backlog NSR land now includes only land not satisfactorily restocked six years after logging. Another change is that land which produced a cover of alder and other weed species after the clearcutting of coniferous forests is no longer classified NSR by the ministry, because it regards those trees as usable.

The government has also failed to act to prevent the drastic overcutting of B.C.'s forests. The sustained yield cut in B.C. which replaces a seedling for every tree cut is about 55 million cubic metres per year. The official provincial sustained yield scaled volume harvest is pegged at 75 million cubic metres annually. But, in 1987, the B.C. timber harvest was 90.6 million cubic metres (up 16.9% from 1986), and the 1988 cut was estimated to be more than 100 million cubic metres.

In the past, sympathetic administrations have rationalized overcutting and wastage as a means of helping companies get through periods of economic downturn. However, the figures show that drastic overcutting -- of as much as 25% of the official sustained yield -- is continuing during times of record industry profits. This is inexcusable and unacceptable.

Alternatives and recommendations

There are many alternatives which would be far more sensible than the course of privatization which the current government seems bent on pursuing. The PPWC believes that alternative policies must ensure that our forest resources are protected and renewed through sound management practices, and this requires public control.

The Pulp, Paper and Woodworkers of Canada recommends that the Forest Act be completely revised, along with the procedures and the bureaucracies that have evolved since the inception of the Act. The central thrust of a new Forest Act must be to remove the monopoly control which a handful of companies have obtained over our public forests, and instead ensure public input and control over decisions about our forests. As well, sound legislation must sustain and renew our forest resources, while alternatives are created to develop a more diversified forest industry in the future.

The key features of a revised Forest Act, in the view of the PPWC, ought to include the following:

- Enforce mandatory programs of reforestation and silviculture, as a condition of any form of access to public timber.

- Better utilization of wood supplies must be encouraged and enforced, to avoid the senseless wastage that has been revealed in recent scandals.

- Increase the degree of competition for access to public timber supplies, which will help reflect a more accurate monetary value of the timber.

- Tie tenure to training. The PPWC maintains that incentives or requirements ought to be attached directly to harvesting rights, to ensure that companies live up to their responsibility to provide proper training and apprenticeships.

- Ban all exports of raw logs, and other raw and semi-processed materials. This is necessary to stop the effective export of Canadian jobs, and to encourage the development in Canada of secondary, forest-based industries.

- Reclaim all forest lands that have been allowed to waste. The PPWC takes the position that the costs of reclamation should be charged to the user of the resource. The vast backlog of forest land that is not sufficiently restocked will require significant public investment in reforestation, and the PPWC recommends an annual amortized charge back to the user.

- Develop the Forest Service to become multi-faceted, so that it could also function as an extension service to teach the skills necessary for wise forest land management.

The PPWC has developed these and other recommendations in greater detail in our previous submissions to government, and would be pleased to elaborate on our recommendations and the reasoning that led to their development.

As we have mentioned earlier in our submission, the PPWC is on record calling for a royal commission inquiry into all aspects of the forest industry as the most logical way to revise the Forest Act. It is unacceptable for the government to make such drastic policy changes as the current rollover of tree farm licences without any opportunity for thorough public consultation and debate. We also emphasize that the ministry's "information sessions" are simply not an adequate substitute for exhaustive public debate.

The PPWC calls for a fair and just settlement to be negotiated for the outstanding native land claims. We support the call of the coalition of churches that native land claims must be settled before any new tree farm licences are approved.

The PPWC opposes opening our parks to resource exploitation, and supports the preservation of areas such as South Moresby, Meares Island, Khutzeymateen Valley, Stikine Valley, and the Skagit and Stein watersheds in their natural state.

Conclusion

As a trade union, the primary purpose of the Pulp, Paper and Woodworkers of Canada is to protect and promote the interests and welfare of our members. As a union in the forest industry, we recognize that the jobs of our members and the conditions of our employment depend on the health and longevity of the forest industry.

However, the PPWC has developed a different view than other unions in the forest industry. In our view, the issue goes beyond an obligation that industry supply jobs in exchange for the right to cut down trees in this province. For too many years, those who advocate "a job for a tree" have supported the increasing corporate concentration within and control over the forest industry, and the flawed forest management practices that have resulted.

The PPWC believes that wise land use policies and forest management decisions are essential to preserve our forests for the future. A short-range approach has led to the crisis within our industry that exists today. Persisting with such policies will lead to the complete elimination of our forests -- we won't have any trees left to exchange for jobs.

It's not too late yet to ensure the survival of B.C.'s forests and our industry. We urge this government to abandon its moves to privatize our forests by rolling over tree farm licences. Instead, we urge government to act to rehabilitate our forests and ensure that B.C.'s most important industry has a future. It is long past time for the public to have our say in the future of this resource, and the opportunity to ensure our forests are developed and renewed for the benefit of all British Columbians.

We would like to thank you for listening to our submission today, and we hope that you will give our views serious consideration.

Prepared and submitted on behalf of the
Pulp, Paper and Woodworkers of Canada by:

A handwritten signature in black ink, appearing to read "G. A. Worth". The signature is fluid and cursive, with a prominent initial "G" and a stylized "W".

Garry Worth

Member of the National Executive Board
and President, PPWC Local 10